



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

55
Reply drafted
24 Mar 52
NA-SGK

FE
SGK
DC/P
file

CONFIDENTIAL
(Security Information)
INFORMAL OFFICIAL

ADDRESS OFFICIAL COMMUNICATIONS TO
Office of the United States
Political Adviser for Japan

Tokyo, March 10, 1952.

(R)

Dear Noel:

As you know from our telegram No. 1756 of February 23, 1952, discussions with the Foreign Office on the FCN Treaty were resumed on February 25. In the first meeting with the Japanese, it was agreed that we would prepare draft memoranda of conversation which would be submitted to the Foreign Office for its comment or acceptance. The memoranda would then be initialled by both sides, thus becoming the official record of the present round of informal discussions.

I had hoped by this time to receive the comments of the Foreign Office on the memoranda covering the first three meetings. It appears, however, that there will be some delay in submitting the agreed memoranda to the Department. Under these circumstances, I have decided to forward for your information our version of the conversations as soon as they are prepared for submission to the Japanese.

There are enclosed, in single copy, the first three of these memoranda of conversation. These - like other advance copies of future memoranda - reflect our views of the points covered at each meeting, and may be modified in some respects after we receive the Japanese comments. Of course, once we have reached agreement with the Foreign Office on each memorandum, we will immediately forward copies under cover of explanatory despatches.

The talks are progressing quite slowly, as you can see by the enclosed memoranda. In addition to raising once again all the points discussed during the previous round of exploratory talks, the Japanese

611.944/3-1052 CONFIDENTIAL FILE

CS/H

Noel Hemmendinger, Esquire,
Acting Deputy Director,
Office of Northeast Asian Affairs,
Department of State,
Washington, D.C.

100/R
100
Rev.

DEPARTMENT OF STATE A/CDE/MR
REVIEWED BY K. Bell DATE 1952
RDS ☐ or XDS ☐ EXT. DATE
TS AUTH. _____ REASON(S) _____
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED ☐ RELEASABLE ☒

40

CONFIDENTIAL
Security Information

seem determined not to let any possible interpretation of a word or phrase pass unchallenged. You will note that we are concluding the discussion of each article of the Standard Draft with a recapitulation of the points which the Japanese declare require their continued study. I believe that most of these pending questions will be resolved in later discussions, and that the Japanese intend to be less recalcitrant after we have covered all of the articles in detail.

It is our opinion that the Foreign Office representatives are not as opposed to some of the Treaty phraseology as these conversations would indicate. In most cases they appear to be seeking additional information with which to counter the arguments raised by other Ministries. The latter spent some months studying the Treaty with Colombia and furnished the Foreign Office with proposals for various changes. (On its own initiative, the Foreign Office decided not to distribute copies of the Standard Draft for security reasons.) We are under the impression that the Foreign Office regards some of the other Ministries' comments as of little merit but is of course bound to cover them in detail in the present talks.

We have not yet progressed sufficiently to warrant speculation as to which points may remain for final negotiation. Although you will note that there are a number of so-called unresolved points on the first five articles covered in the enclosed memoranda, it is our impression that these will not remain unsettled beyond the present informal discussions. In private conversations, the Japanese have indicated that they believe "only two or three" negotiation points will be raised.

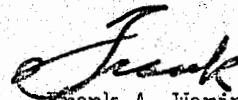
In the memoranda of conversation, we intend to utilize to the greatest extent possible the very helpful comments contained in the Department's airgrams in reply to our December despatches on the initial round of exploratory talks. I hope that if, at any point, the interpretation we convey to the Japanese is at variance with the Department's views, this will be brought to our attention as soon as possible. Thus, if necessary, we can hold a special meeting at the end of the present round of discussions to correct any inaccurate impression we may have previously given the Japanese. We also intend to prepare a covering document which will index the various memoranda of conversation, since the discussions on a single article may be scattered through various memoranda. This covering document could also list the minor changes in phraseology proposed by the Japanese, and the points of negotiation which may remain for the formal meetings.

CONFIDENTIAL
Security Information

CONFIDENTIAL
Security Information

It is still too early for us to tell how long these informal talks may last. Vice Minister Iguchi has already told me in a friendly conversation that he foresaw no problems in the negotiation of the FCN Treaty, and he indicated that prolonged discussions were unnecessary. If the talks with the Japanese (of whom Yukawa, head of the Economic Affairs Bureau, is the senior) do not show greater progress after the next two or three meetings, I believe it may be expedient to bring this informally to the attention of Vice Minister Iguchi. Best regards.

Sincerely yours,



Frank A. Waring
Counselor of Mission
for Economic Affairs

Enclosures:

One copy each of three
Memoranda of Conversation,
dated February 25, 27 and
29, 1952.

CONFIDENTIAL
Security Information

OUTGOING TELEGRAM

Department of State

4068

INDICATE: ☐ SELECT
☐ CHARGE TO

CONFIDENTIAL SECURITY INFORMATION
Classification

57
R

RECEIVED DC/T
ACCEPTANCE UNIT

MAR 12 6 23 PM '52

SENT TO: USPOLAD TOKYO 2440

TOPAD

Origin

Info

RE FCN treaty ART 7, MISTEL 1886, MAR 10.

JAP desire delete "financial" activities creates obvious problem proper coverage banking and insurance. Apart GEN treaty principles, AMER banking and insurance circles plainly expect DEPT vigorously seek treaty protection their interests abroad.

JAP reasoning, moreover, puzzles DEPT as to how elimination bank lending WLD serve their implicit objective of preventing AMER acquisition and control JAP commercial and industrial enterprises. Bank loans only one of several methods by which control may be obtained. Right "control and manage" business enterprises is among basic objectives US treaty policy of assuring capital and businessmen non-discriminatory treatment in their ordinary affairs. Implicit JAP attitude CLD therefore create difficulty going to heart of treaty.

ALTHO DEPT willing entertain reasonable accommodations in response special local circumstances, where need therefor clear, JAP attitude, taken literally, appears suggest accommodations impairing treaty integrity and going much beyond what DEPT can entertain. Mission therefore well advised seek airing and rectification JAP views prior their freezing a negotiating position. Mission SHLD emphasize that while DEPT wants a good treaty or none at all, it does not wish force any treaty provision upon JAP. DEPT considers its

Dist. Desired
(Offices Only)

Drafted by

EDT:CEH Walker:jn 3/12/52

Telegraphic transmission and

classification approved by: V. G. Setser

Clearances

NA

S/S - GRP
MAR 12 1952 P.M.

CONFIDENTIAL SECURITY INFORMATION
Classification

REPRODUCTION FROM THIS
COPY, IF CLASSIFIED, IS
PROHIBITED.

CONFIDENTIAL FILE 611944/31052
CS/H

CONFIDENTIAL SECURITY INFORMATION
Classification

standard proposals fair and moderate, but only seeks their acceptance on free-will basis.

DEPT also puzzled as to how hostility bank loans WLD be consistent with presumed JAP need ~~foreign~~ ^{FON} capital to remedy domestic capital shortages, and treaty objective encouraging ~~foreign~~ ^{FON} investment. (Investment is a two-way street, of course, as witness DA 902, 909, MAR 6, regarding JAP access to Alaskan timber).

RE word "fiduciary", this word has very limited scope (e. g., acting as guardian of minor, trustee of estate, or executor of will) and thus not (rpt not) relevant to lending problem.

RE fear precedent vis-a-vis other countries. (See wording ART XII Greek treaty employed relieve similar Greek fear). This treaty is reciprocal treaty between US and JAP. US gets rights in JAP in return equal rights JAP in US. Treaty does not (rpt not) give any rights third countries in JAP but might constitute an excellent precedent as enunciating policies and principles RE treatment JAP expects her nationals receive abroad.

RE substitution Colombia treaty approach. This acceptable in principle if JAP strongly desire and same WLD facilitate NEGOTS.

Acheson
(vgs)